

THE LONG-TERM unemployment rate is at a record level. So is the federal deficit. Both of these are serious concerns. But it is possible -- in theory, anyway -- for Congress to be both compassionate and prudent. In the short term, lawmakers should resolve the logjam that has allowed federal benefits to lapse for more than 900,000 unemployed. In the longer term, they should heed the example of [House Majority Leader Steny H. Hoyer \(D-Md.\), who gave a brave speech this week not only setting out the fiscal challenge but offering specific, credible suggestions for savings](#).

But first, the immediate crisis. More than 40 percent of the unemployed have been without work for six months. More alarming, nearly one-fourth have been jobless for a year or longer, according to calculations by the [Pew Fiscal Analysis Initiative](#). Generally, states pay for the first 26 weeks of unemployment benefits; in periods of high unemployment, the federal government steps in to cover additional weeks. During the current recession, benefits can last up to 99 weeks.

On June 1, that emergency federal program expired, and the Senate has been unable to muster the 60 votes needed to reinstate it, as part of a package that would also include extending some expiring tax cuts and providing extra Medicaid money to cash-strapped states. Without congressional action, more than 2 million of the unemployed will have lost benefits by July 10, some after just 26 weeks. In theory, making unemployment insurance available for longer periods reduces incentives to find work. In the brutal current reality of 9.7 percent unemployment, the risk of subsidized loafing -- the average benefit is \$309 a week -- is far less than the risk of real suffering. The cost of extending the program through Nov. 30 would be about \$35 billion.

Part of what's holding up Senate action is a dispute over whether lawmakers have gone too far -- too far! -- in closing tax loopholes for the wealthy to help pay for the package. One involves "carried interest," the mechanism that investment bankers and venture capitalists use to pay lower tax rates on their income from doing deals. Doing away with this tax dodge would have raised \$24 billion over 10 years; that has now been whittled down to \$13 billion. The same is happening with an effort to close the so-called John Edwards loophole, under which small partnerships such as law firms avoid paying Medicare payroll taxes by casting their income as profits rather than salary. Sen. Olympia Snowe (R-Maine), a key potential vote, has called this provision "a poison pill."

Amazingly, while senators work to keep these loopholes open, they are trying to trim the final

cost of the package by cutting close to \$8 billion in future food stamp benefits. What kind of priorities does this choice reflect?

Speaking of priorities, Mr. Hoyer's speech, to the centrist group Third Way, offered an all-too-rare moment of wisdom -- and courage -- in the clamorous fiscal debate. Mr. Hoyer was responding, in part, to our challenge earlier this month to policymakers pressing for additional spending to combat the effects of the recession: "[We'd find the stimulus-now, spinach-later argument more credible if its advocates gave some hint of where the long-term belt-tightening will take place.](#)"

Mr. Hoyer complied -- and in the course of doing so at least brushed against several political third rails of the left and right. He said -- correctly but controversially -- that lawmakers should consider raising the retirement age and making Social Security and Medicare more progressive. (Translation: lower benefits for wealthier seniors.)

And he said -- again correctly but even more controversially -- that, with the Bush tax cuts expiring this year, "we need to have a serious discussion about their implications for our fiscal outlook, including whether we can afford to permanently extend them before we have a real plan for long-term deficit reduction." This is more than President Obama has managed to choke out. But it also had the predictable effect: Conservatives denounced the majority leader for plotting to raise taxes on the middle class.

Mr. Hoyer ended with a plea that both sides take off their ideological blinders to deal with the daunting fiscal reality: "There are two clocks: one of them is counting down the time to our debt crisis; the other can wake us up to see our situation as it is, not as we want it to be, or as our ideologies say it should be. And the kind of country our children will live in -- growing or stagnant, on the rise or in decline -- depends on which clock goes off first.

"We can keep making easy choices and hoping that the crisis clock just keeps ticking. But sooner or later, if that's what we choose, there will be a time when we find that we have hardly any choices left at all." He's right. Is anyone listening?